

To His Honor the Honorable
Donald Alexander Macdonald
Lieutenant Governor of Ontario,

May it please your Honor,

The undersigned, the Commissioners
appointed by Your Honor under Commission
having date the Twenty-first day of January
1876; to enquire into the financial affairs of the
Corporation of the Town of Belleville and things
connected therewith,

Have the Honor to report

1. That they met at Belleville on the Eighth day
of February, 1876, for the purpose of making
preparations for the discharge of their duties under
the Commission,
2. A Consultation was had with such of the
Municipal Officers as were accessible and
also with a number of the prominent Citizens,
the general course of proceedings settled, and the
First day of March 1876 was appointed for entering
upon the work of executing the Commission.
3. Public notice through the Town and newspapers
was given of the time and place of such
meeting, and information as well as co-operation
was in and by the said notice requested from
all parties interested in prosecuting the said enquiries
or facilitating the work of the Commissioners,
4. In the said Notice the promoters of the

Commission and parties interested were requested if they so desired to appoint a Solicitor for the purpose of conducting the examination of witnesses and the preparation of evidence pertinent to the enquiry.

5. On the First day of March aforesaid the Commissioners met pursuant to the said Notice and again had consultation with a large number of the citizens of Belleville composed of the Councillors, ex-Councillors, Mayor, ex-Mayor, Auditors, ex-Auditors, Finance Committee and other Town officials touching the period of the Municipal history at which the enquiries should begin and over which they should extend.

6. The Commissioners found the prevalent and apparently unanimous opinion in Belleville to be that their chief work would consist in ascertaining the exact amount of the deficit alleged to exist in the accounts of the late Treasurer and in tracing the disposition if possible of the money by the disbursement of which the deficit had been caused.

7. The late Robert P. Davy had been appointed Treasurer on the Fourteenth day of August 1870, and held the office continually from that time up to his death on the First day of March 1875.

8. On the Eighth day of March 1875, Edward W. Davy a brother of the former Treasurer received the appointment and held it for three months when the present occupant Robert Tamahill was appointed to the Office.

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9. During the illness of the said R.P. Davy for nearly the whole month of February 1875, his Book-keeper James Quinn and his said brother Edward W. Davy acted for him, and in his stead performed the duties of Treasurer.

10. The said Edward W. Davy had shortly before his brother's said illness returned to Belleville from a somewhat protracted absence in the United States and had no personal knowledge of the Treasury Affairs during such absence and on the First day of June 1875 the said James Quinn whose knowledge as the confidential Book-keeper of R.P. Davy would doubtless have been most valuable suddenly died without any premonition of his decease.

11. The Auditors for the year 1875 appointed to audit the Town accounts for 1874 had not, owing to the Treasurer's illness begun their investigation during his life and upon the representation of his successor that the Books were not entirely written up to the end of 1874, they did not in fact commence their work until the early part of May 1875.

12. Upon the arranging of their balances for the year 1874 they found a deficiency in the Treasurer's cash to the amount as they discovered of the sum \$15,517.73 and also discovered that erasures and alterations had been made of figures in the Ledger, Cash and non-resident Taxes accounts whereby the amount at the debit of Cash for the year was diminished by \$15,000 and the amount at the credit of non-resident Taxes was increased by a like sum.

13. Upon reporting these discoveries to the Finance Committee the Auditors were directed to continue their investigation to the time of R.P. Davy's death and thenceforward to the end of E.W. Davy's term of Office all of which the said Auditors performed and made their final Report upon all the said _____ matters on the Thirtieth day of August 1875.

14. In their Report the said Auditors found that the deficit had increased and that R.P. Davy at the time of his death was in default in the sum of \$23,023.02.

15. This apparent deficit in fourteen months was so large in proportion to the annual revenue of the Town that it was urged upon the consideration of the Commissioners either that the defalcation had begun in previous years or that the alleged amount was inaccurate and too large.

16. In view of all the circumstances and in conformity with the general tenor of the opinion at the meeting, in the Fifth paragraph of this Report mentioned, the Commissioners decided to begin their enquiry with the advent of R.P. Davy to office as Treasurer, and to make a careful audit of the Town accounts from that point to the close of the year 1875.

17. Having thus decided as to their future labors the Commissioners began without further delay the work of such an audit by carefully verifying as far as possible each item of revenue by tracing its source and amount and each item

of expenditure by finding the authority for the payment, the amount to be paid, and the voucher for the amount actually disbursed, and in their prosecution of this part of their work, the Commissioners have exercised what they consider to be a right incident to the discharge of their functions and have therefore explained not only as to what has been from time to time actually received and actually paid out, but also as to what ought to have been received and ought to have been paid out by the Treasurer.

18. In the prosecution of their work in thus examining accounts the Commissioners spent the said month of March.

19. Shortly after the Commissioners had begun their said audit they were formally notified by the Clerk of the Municipality that the council had appointed L.H. Henderson Esq. Town Solicitor to act as Solicitor in prosecuting the enquiry before the Commissioners and on the following day they received a communication signed by the Chairman and Secretary of a Public Meeting of the Citizens of Belleville and enclosing a Resolution which purported to have been passed at such meeting whereby Allan R. Dougall, Esq., was appointed as Solicitor for the purposes aforesaid.

20. On the Second day of May 1876, the Commissioners again met and continued their investigations up to the Twenty-seventh day of that month.

21. On the Fifteenth day of August following

the Commissioners again met and continued their investigations up to the Twenty-Sixth day of that month.

22. On the Twenty-eighth day of November following the Commissioners again met and continued their investigations up to the Ninth day of December following.

23. On the Sixteenth day of January 1877 the Commissioners again met for the examination of witnesses and proceeded with such examination up to the Third day of February following during nearly all of which period the Commissioners were favored with the professional assistance of Messrs Dougall and Henderson.

24. On the Twenty-first day of February 1877, the Commissioners again met for the purpose of examining further witnesses and otherwise prosecuting their enquiries and for Six days continued the examinations of witnesses during the greater portion of which said last-mentioned time Messrs Henderson and Dougall were also present and rendered active assistance. The investigation continued up to the Tenth day of March following.

Revenue

25. Those branches of Revenue upon which we desire to remark may for convenience be grouped under the respective titles of Taxes, Miscellaneous Licenses, Police, and Bank Accommodation.

26. It will also be convenient to begin the consideration of the subject of taxes by stating that for many years previous to 1865, Mr. John Kerr was Collector of taxes for Belleville, that from 1865 to 1868 both inclusive, the Town was divided between him and Dunham Ackerman for collection purposes, and that from 1869 to the present time the said Dunham Ackerman has been the sole collector.

27. The practice has been, to open an account in the Ledger with the Collector charging him with the yearly Collector's Roll and crediting him with the moneys paid by him on account of such Rolls to the Treasurer, and ultimately crediting him with the accounts uncollected either from remissions, want of property to distrain, non-residence or other cause.

28. Of the Rolls so charged to the said John Kerr a considerable number have upon them no return whatever, very few of them have any entries in the margin of the Roll, showing whether or not the amounts have been paid, and in order to ascertain the state of his account as such collector resort must be had to the aggregate amount of the credits given him by the Treasurer either for any particular year or for the whole account and such aggregate set against the amount of the Roll for the year or against the amount of all the Rolls as the case may be.

29. In the Ledger an amount of \$5724.45 has been standing to the debit of the said John Kerr since 1869, and in all the subsequent

Auditors Reports this sum is carried as an asset of the Town. We find that this amount is made up of the following items.

| | | |
|------------------|------|---------------|
| Arrears of Taxes | 1858 | \$1633.86 |
| " | 1859 | 1225.35 |
| " | 1860 | 429.65 |
| " | 1861 | 1711.84 |
| " | 1866 | <u>723.73</u> |
| | | \$5724.43 |

We find that the said John Kerr has had credit given him for Remissions and Commission or per centage on collections for 1868 and 1869, but has received no credits for uncollected taxes for these years.

We also find that the said John Kerr should have credit on account of the Roll of 1860, for \$521.92 being the amounts uncollected for that year for want of property to distrain or want of residence.

We find further that the said John Kerr has not received credit on account of the Roll for 1861 for Remissions, commission on collection, or other uncollected taxes.

And We further find that in 1866 the said John Kerr is charged not only with his proportion of the Collectors Roll for that year but also with the further sum of \$1073.75 for Non-Resident Rolls on account of which said last mentioned Rolls he has received credit for \$300 paid by him on account, and for all that appears, the balance would seem to be uncollected, although from want of proper returns, it is impossible now to fix the amount in any other way.

We think therefore that in view of the

foregoing circumstances and lapse of time, the said charge against the said John Kerr has little or no value as an asset and might with propriety be written off.

30. We find standing in the Ledger at the debit of the said Dunham Ackerman on the Thirty-first day of December 1875 the sum of \$116,837.01 and upon examination of his account of which this sum is the debit balance, we find that in addition to the yearly Collector's Rolls he was charged under the titles of Back-Taxes and Non-Resident Taxes, the same being really the amounts on the Lists of lands liable to be sold for taxes and returned as occupied

| | |
|--------------------------|------------------|
| In 1870, the sum of | \$11,645.72 |
| In 1871, " " | 14,110.60 |
| In 1872, " " | <u>16,668.64</u> |
| | \$42,424.96 |

On account of these sums he has received credit for collections made by him and entered as "Non-Resident Taxes" although he seems never to have had possession of the Lists, in all the sum of \$1046.85, leaving a balance still at his debit on account of such Lists of \$41,378.11.

On the 29th day of December 1874, the following entry appears in the Journal. "Cash Dⁿ to Syndries

D. Ackerman, taxes 1874 \$1784.25"

On the 2nd day of January 1875, the following entry also appeared in the Journal, "Cash Dⁿ to Sundries

D. Ackerman, taxes 1874 \$1784.25"

And both these items are carried to the debit of cash and to the credit of Ackerman in the usual way.

We find that the entry on the 2nd January 1875 is an error and the sum therein mentioned was neither received by the Treasurer nor paid by the Collector but is a repetition on that day of the

entry previously made on the 29th December of the previous year.

The present Collector has made no formal return of his Rolls since 1872. The Rolls for 1873 and 1874 are however in the Treasurer's Office with an informal return accompanying each of them. The Roll of 1875 is still in the Collector's hands.

Eliminating from the said Dunham Ackerman's account the items of Non-Resident Taxes improperly charged to him rectifying the error we have mentioned and carrying to his credit the Remissions, Commission for collections and the uncollected taxes for want of property to distrain and want of residence, we find that the amount properly at his debit on the Thirty first day of December 1875 should be \$70,974.63 made up as follows,

| | | | |
|----------------|-------------------------------|------------------|--------------------|
| D ^r | To Amt. now at debit | \$116,837.01 | |
| | " Amt. of Cr. in error on | | |
| | 2 nd January 1875 | <u>1,784.25</u> | |
| | | | \$118,621.26 |
| Cr. | By Remissions and uncollected | | |
| | for 1873. | \$1,651.71 | |
| | " Commission for 1873. | 1.387.50 | |
| | " Remission and uncollected | | |
| | for 1874 | 1,785.07 | |
| | " Commission for 1874. | 1,444.24 | |
| | " Bal. Non-Residents Rolls | | |
| | Uncollected | <u>41,378.11</u> | <u>\$47,646.63</u> |
| | | | \$70,974.63 |

31. An objectionable practice has for sometime past prevailed of allowing the Collector to retain the Rolls for several years without making

any return and thus he has had the Rolls for two, three, and perhaps four years, all in his hands at the same time, and it can easily be understood that such a practice has produced much irregularity and confusion respecting such of the taxes to which the Collectors have finally made a return of no property to distrain or Non-Resident.

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32. No more unsatisfactory subject engaged our attention than the vacant lands, or as they are commonly called Non-Resident Taxes.

By virtue of an Act of the Ontario Parliament the lands liable to be sold for arrears of taxes from 1852 to 1866 inclusive were advertized to be sold in 1869, but owing to the unreliable nature of the alleged arrears the sale was abandoned and only so much has been received on account of such advertized list as the parties interested have voluntarily paid reducing the aggregate sum to about \$5000.

33. No proper Ledger account of Vacant

Land or Non-Resident Taxes has, since 1869, been kept. No sale of lands for taxes has ever been had since the separation of the Town from the County. We do not find that since such separation the Assessors have as a rule made the proper entries on the lists of lands liable to be sold for taxes furnished them with their Assessment Rolls, and in the instances where they have entered in the proper Column of such Lists the word "occupied" the arrears of taxes against such lands so marked have never been put upon the Collector's Roll as required by Statute.

34. The neglect of, and non compliance with,
by the Assessors, Clerk, and Treasurer, or
some= one or more of these Officers, the Statutory
requirements preliminary to a sale of lands
for taxes in addition to the delay of the Collector
in returning his Rolls, have each year precluded
such a sale, and have year by year continuously
kept the vacant Lands or Non-Resident Taxes
which otherwise might, and ought to have been,
annually an available and valuable asset
in abeyance, thereby making it of comparatively
little value while in suspense and exposing
a considerable portion of it to the danger of
ultimate loss.

35. No percentage account on these taxes
in arrear has been kept in the Ledger
and from the irregularities above mentioned
such an account must even had it been attempted,
have been inaccurate and of little importance.

The Treasurers however have kept what is
called a "Vacant Land Taxes Book" in which
these taxes are supposed to be, and a large
proportion appear to be entered to the end of
the year 1874, and upon the taxes so entered
the percentage has been added annually so
far as the entries extend.

36. It is shown by evidence taken before
us, that upon many of the lands,
against which these taxes stand alleged, are
valuable buildings which have been occupied
for several, and in some instances for many
years past.

37. We have found much difficulty in

dealing with this subject and do not now profess to have made an accurate examination of all its details, for the reason, that such an analysis in its present disjointed, intricate, and confused state, would necessarily extend our already protracted investigation to an unreasonable length and without yielding any compensating result.

38. The voluntary payments made annually on account of these taxes including percentage accrued on arrears is a considerable source of revenue and for any given series of years would equal if not exceed the additions properly to be carried to the account for the same years.

39. We submit the following as the basis of a statement of these taxes as we make them by taking the amount from the Vacant Land Taxes Book with the percentage to the end of 1873 and adding to that sum the taxes assessed against vacant lands without reference to the Collector's Roll for the years 1874 and 1875 and crediting the amounts received on account of these taxes from all sources since 1873.

| | | | |
|--|-------------------|-------------------|-------------|
| | Vacant Land Taxes | ⁿ D | |
| To Amt. of arrears to 31 st | December | 1873 | \$26,724.45 |
| " Assessed for | | 1874 | 645.29 |
| " Assessed for | | 1875 | 1080.87 |
| Add percentage on | | | |
| arrears for | 1874&1875 | | |
| Advertized Lands Rolls to 1866(say) | | | 5000.00 |
| Cr. By Receipts for | | 1874 | 1978.86 |
| " do for | | 1875 | 1113.80 |

40. An account is kept in the Ledger under the title of "Non-Resident Taxes" to the credit of which are carried the moneys received by the Treasurer on account of these taxes and the account, as it has been kept since 1869, is only useful as showing such receipts. It has no value otherwise. Such of these taxes as have been charged to the Collector are carried to the credit of this account and a few items returned by the Collector as Non-Resident and no reliable information can be gained from it as to the state of the fund forming its title. We should recommend that the present Ledger account of this fund be closed and a new account opened to the debit of which there shall be carried the arrears and the annual additions as they are imposed or may accrue and to the credit of which there shall be carried all moneys received from this source.

41. Miscellaneous Licenses:

Under this title a considerable revenue is derived for which no vouchers exist other than returns made from time to time by the Clerk to the Treasurer. The Clerk issues the Licenses, collects the fees and makes the returns. No verification of these returns is practically possible, and no check of any kind as to their correctness is afforded.

It would certainly be more satisfying to Auditors and Ratepayers and it would doubtless relieve the Clerk from an embarrassing position if this revenue were collected under a system where the moneys went directly into the Treasury, and where proper vouchers from

the Treasurer, Clerk, and any other Officers connected therewith, were prepared at this time and kept available at all times for the purposes of verification.

42. Police.

During all the time over which our enquiries extended the Town had had a Police Magistrate and an organized Police Force. The present Police Magistrate who has held the office since 1868 receives a Salary the amount of which is determined by the population of the Town according to the Statute in that behalf, and holds a daily Court, of which Court the proceedings are kept by the Clerk in a Record or Docket of the cases tried. The Clerk of the Municipality is also Clerk of the Police Court and for his services as such Clerk of the Police Court, he also receives a salary.

43. We find that since his appointment

The Police Magistrate has always contended and now contends that under his commission he is entitled, for his own use and benefit, to the Magistrate's fees in any case tried before him.

We also find that such fees in an ordinary case might amount to \$1.50 and vary from that sum up to \$1.80, that no Clerk's fees as such, and no Constable's fees except for service of process, amounting usually to twenty five cents for such service, are either imposed or collected as part of the costs of a case.

44. And we find that the only revenue from

this source has, under the aforesaid contention and practice of the Police Magistrate been, and is, such portions of the fines and Constable's fees for service originally imposed by the Police Magistrate, as have been actually collected, and in as much no one would seem to have been ever charged with the specific duty of collecting such fines and fees it is not surprising to find that the amounts received have reached an almost irreducible minimum.

The following is a comparative statement of Police Revenue and Expenditure since 1868,

| | | | | |
|-------|---------|----------|-------------|-----------|
| 1869. | Revenue | \$185.10 | Expenditure | \$2244.40 |
| 1870 | " | 325.15 | " | 2665.09 |
| 1871 | " | 220.50 | " | 2848.33 |
| 1872 | " | 184.45 | " | 3096.21 |
| 1873 | " | 251.75 | " | 4156.82 |
| 1874 | " | 328.00 | " | 5125.55 |
| 1875 | " | 172.00 | " | 4928.66 |

45. Bank Accommodation.

This, though not strictly a source of Revenue, has latterly so largely served the purposes of an incoming Revenue for the Town that we have placed it under this title for our purposes.

For the period covered by our enquiries, the Town accounts have been kept with the Merchants' Bank of Canada, and up to the year 1872, the amounts overdrawn by the Town at one time in any year were covered by deposits at a subsequent time in the same year. In 1872 the practice was begun of keeping the Town account permanently overdrawn, and from such small beginnings

this dangerous practice grew until in 1874 and the early part of 1875 there were no reasonable limits to the Treasurer's ability to procure money from the Bank.

We give below a statement showing the amounts over-drawn at the end of each year.

| | | |
|-----------------------------|----------------|------------|
| Over-drawn 31 st | December 1872, | \$5,291.59 |
| " 31 | 1873, | 38,319.37 |
| " 31 | 1874, | 65,336.22 |
| " 31 | 1875. | 56,581.34 |

Interest on this account at eight per cent is periodically charged and added to the amount.

46. Expenditure.

The Normal expenses of the Town in the ordinary spending departments have, from its situation, always been large, while the number and unfortunate history of its Bridges, and its position as a Railway Terminus have served to create the occasion and opportunity of and for extraordinary disbursements and liabilities.

47. In former years the corporation had

made Improvement-Leases of certain portions of the corporate property and these Leases having expired the Tenants have recently sought and recovered compensation for their improvements which has made further additions to the expenditure not falling within the usual category.

48. We find that for a number of years past

there has been a tendency on the part of a considerable number of the members of the Council, to frame Combinations for their mutual advantage and

to secure contracts with the Corporation for the benefit of each other, in which contracts the interests of Councillors were concealed by disguises so thin as not to bear slight examination.

This practice in direct violation of the Salutory provisions of the Statute in that behalf, had its largest development in 1873, nearly disappeared in 1875, and has as a natural result produced improvident Contracts and added materially to the annual expenses.

49. These expenses have also been increased by the exercise, on the part of the successive Councils, of a profuse liberality in organizing and sending abroad Deputations, and in providing for guests of the Corporation Receptions remarkable for their unstinted hospitality.

50. Hospital Lot.

This, although an isolated item of expenditure, was urged upon our attention, and, having received to a certain extent, special consideration it is perhaps not desirable that we should now omit to mention it, as it will serve as one illustration of the proceedings of the Council, and will also serve as one of the Occurrences that gave rise to the dissatisfaction and want of confidence on the part of the Townspeople in the management of their financial affairs.

51. Many years since, the crown made an allotment of a parcel of Land to the Corporation for the purposes of a hospital. Since then the Town has grown in that direction until it was considered that the Site was too

near the business centre, and too far within a thickly populated district of the Town for hospital purposes.

Accordingly, on the understanding that on the purchase by the Corporation of another suitable Site the Government would grant to the purchaser of the old Site a patent therefor,

a Committee was appointed in 1873 to procure a New Site and this Committee finally recommended the purchase of a lot in West Belleville at the price of \$1800; a By-Law was passed at the same meeting of the Council at which the Committee reported, authorizing the purchase and with extraordinary haste the transaction was subsequently carried out by conveyance of the land and payment of the purchase money.

52. The Vendor had a few days previously, through the agency of a member of the Council, purchased this lot which had then for some time been for sale, for \$700. a sum which seems to have been its utmost value.

It is alleged that the land is wholly unsuitable for hospital purposes. No efforts have been made to utilize it since the purchase, and its present value would appear to be about \$500.

53. The Vendor, as well as those of the Council who promoted the purchase agree in testifying that no member or members of the Council had any share interest or participation in the profits of the sale, and it is therefore, the more difficult to assign any

intelligent reason for the singular activity of those Councillors in thus processing for the Town, at an exorbitant price, a comparative-ly valueless asset.

54. Sinking Fund.

Except a Debenture of the County of Hastings for \$300 the Town has no Sinking Fund on hand. In preparing the yearly estimates however a certain sum has each year been put in the levy under this title, intended in a general way to cover the interest accruing on Debentures in the year, but otherwise, the provisions of the By-Laws creating the debts as to the Annual Special rates in the said By-Laws mentioned, appear to have been wholly disregarded.

Of the outstanding and unpaid Debentures of the Town \$14,000 held by the Trust and Loan Company and \$5000 held by A.S. Brown have been for a long time overdue.

The aggregate of Annual Special rates provided for by the By-Laws creating the debts represented by the current out-standing and not over due Debentures is $11\frac{53}{120}$ Mills on the dollar. If to this be added a special rate sufficient to create a Sinking Fund to pay off the overdue Debentures within a reasonable time and so much of the principal of the current Debentures at maturity as is not yet provided for, it will be seen, that the annual charge for a Sinking Fund must be somewhat formidable; its pressure however, will be much relieved by the rapid increase in value of the rateable property.

55. The Deficit.

As we have already remarked, the Books of the late Treasurer and the Report of the Auditors for the last fourteen months of his Treasurership when we began our enquiries showed an apparent excess during these fourteen months in his receipts of cash

his disbursements of \$23,023.02

To which we find there is to be added amount charged in error to Harbor in March

1874 as paid to A. Watters 100.00
\$23,123.02

From which we find there is to be deducted amount charged once in error to Cash by entering one and the same sum as received from the Collector on 29th Decr. 1874 and 2nd January 1875.= 1,784.25

And the Balance \$21,338.77 We find to be the actual excess of Cash receipts of Town moneys by the late Treasurer over his disbursements for Town purposes up to the time of his death, 1st March 1875. This deficiency, so far as we could determine, accrued as follows.

| | |
|--------------------|-------------|
| In 1873 | \$ 913.38 |
| In 1874 | 15,717.73 |
| In 1875 (2 months) | 4,707.66 |
| Total | \$21,338.77 |

56. It having been represented to us, that it was impossible for the late Mr. Davy to have used for his own purposes this amount within the period covered by the

deficit, and that a suspicion that a large portion of it had been lent by him to members of the Council and not returned, was generally entertained, we have given this Matter our patient attention, minute examination and careful consideration.

57. Certain writings found after his decease amongst the late Treasurer's private papers were particularly pressed upon our attention as giving colour to the surmise that certain Members of the Council had borrowed the money.

58. Copies of these writing appear in the appendix to this Report as a portion of the Exhibits mentioned and referred to in the evidence taken before us under the Commission.

59. The investigation was necessarily slow and difficult. Besides his Municipal Office, the late Treasurer was engaged in the various business occupations of dealing in grain, hides, wool, hay, conducting a tannery, and in July 1874 became the part owner and in November 1874 the sole owner of the property and plant constituting a Circus Show. In his Grain, Hide, and Tannery business he was some times alone, and sometimes in partnership with others and when alone in one kind of business, was at the same time one of a Firm in another kind, and alway apparently conducted the whole of his operations by means of discounts with the Banks. The Books of account, Bill Books and Bank accounts of himself and his Partners

were examined in detail which from the large number of entries, the constantly recurring Bank operations by himself and the firms of which he was a member, and the complicated nature of the accommodation paper reciprocally passed from the one to the other, required a close analysis and consumed a considerable time. Neither our examination nor a part of the evidence was entirely satisfactory in these matters, but we were unable to trace any portion of the deficit directly to, or find that any part of it found its way into the Grain, Wool, Hide or Tannery business.

60. His Books of account afforded us no facilities whatever for ascertaining the money expended by him in the Circus. The evidence of those who from their connection with it and with Mr. Davy, ought to have been valuable for our purposes, was most vague, misleading, confused, and unsatisfactory.

61. After groping our way in uncertainty and doubt, and exhausting every available source of information upon the point we still feel that our conclusion must be in some respects little more than conjecture, and with this qualification, we find that from July 1874, up to the time of his death, Mr. Davy expended for and on account of the said Circus from six to ten thousand dollars and from the state of his private and business financial affairs, it is extremely difficult as to any portion, and impossible as to nay large portion thereof, to find the source from which the means for these expenditures were derived

unless they form a part of the deficit.

62. As to the residue of the said Treasurers deficit we made exhaustive enquiries, and have taken voluminous evidence, but the disposition of the greater portion of it has been a mystery so dense, and since the deaths of the Treasurer and his Book-keeper, so well secured, that we have found it to be a problem practically insoluble.

63. We find that it did not go for his household expenses, nor to his family, nor for anything for his or their benefit.

64. His habits for the period covered by the deficit were dissipated and rapidly grew worse. His personal expenses owing to these habits were undoubtedly large and may account for perhaps \$1000 or \$1500 of the said residue.

65. As to the surmises of which we have spoken, we have made all possible enquiries and taken a large amount of evidence. The parties against whom the suspicions pointed were examined on oath. The evidence was not in all cases satisfactory nor can we state that we are free from doubt.

66. The Councillors have severally upon oath repudiated having any improper dealings with the Treasurer, expressly contradicted the theory implied in the suspicions, and such of them, as were therein mentioned, have given

their explanation of the several writings mentioned in the evidence, as found in the Treasurer's Office, copies of which appear in the appendix to this Report.

67. We submit the evidence and the exhibits with the remark that we find that the charge, allegation or suspicion that the late Treasurer had loaned the money composing the deficit or any considerable portion of it to the Members of the Council not proved.

68. The practice has been, since the Town account with the Bank was overdrawn, for the Collector either to deposit Town moneys to his own credit at the Bank and then give the Treasurer checks for the same as occasion might require, or to pay the money to the Treasurer directly,

In the former case, the Treasurer either deposited the Collector's checks to his own (the Treasurer's) credit, or, drew the money and kept it in his own Office.

69. A very large proportion of the disbursements made by the late Treasurer during 1874 and 1875 were made on cash at his Office and except where vouchers are found all trace of such disbursements is either extremely difficult or altogether lost.

This difficulty we had to encounter from the outset. No entry or voucher nor pretended entry or voucher could be found to indicate the direction, disposition,

nature, or object, of the disbursements of the greater portion of the deficient Town Funds of which we were in search.

70. The late Treasurer could not, on our opinion, have met the current demands on the funds and still kept the disbursements so far below the receipts as to give him an opportunity to make such a default, but for the facilities within his reach for procuring moneys from the Bank. His overdrafts on the Town account at the Bank during 1873, 1874 and 1875, easily explain the excess of receipts over expenditures in his cash account.

71. The practices of allowing the Collector to deposit moneys to any other than the Town account or to pay them directly to the Treasurer and of allowing the Treasurer either to draw the moneys in checks for large amounts without stating for what purpose such amounts are required, or to keep large amounts in his Office to meet current wants, have severally and collectively contributed as well to make such a deficit possible, as to make the subsequent tracing of it impossible.

72. For the last Fourteen months of his Official tenure, no reasonable limit was placed upon the facilities of the late Treasurer for procuring money. No supervision of his account with the Town was exercised, and no precautions were taken

to prevent what has happened, and what nearly every business man within the Corporation seems to have anticipated.

73. In 1874 his embarking in a Circus, the withdrawal of one of his Sureties , the occurrence of a fire in his Office under very suspicious circumstances, and his habit of drinking to excess steadily growing worse to the point of incapacity, ought to have put ~~prudent people~~ upon enquiry. enquiry.

74. Assets.

Of what are considered to be the Assets of the Corporation, the several parcels of Real Estate held by the Town with the Buildings thereon form a large part, and our statement of this part of them must necessarily be simply an estimate of their value at the present time, in our judgment, and that estimate will be subject to the manifold fluctuations in value of such property.

73. The Municipal Corporation, although not invested with the legal title, are the beneficial owners of certain School Sites, Buildings, and property and as they all represent to the full extent of their value moneys expended by the Town, we think they may fairly be counted for our purposes as part of the Assets.

76. As to the deficit against the late Treasurer, its value will altogether

depend upon the amount realized from his Sureties; upon such an hypothetical basis, we can form no opinion and with this explanation we place it with the Assets for whatever it may be worth.

Subject to the foregoing explanations we submit the following.

77. Statement of Assets and Liabilities of
the Town of Belleville, 31st Decr. 1875,

Assets

| | |
|---|-----------|
| Cash in Treasurer's hands | \$ 59.13 |
| Amt. due by Estate of R.P. Davy & Sureties | 21,338.77 |
| Uncollected taxes for 1873, 1874 & 1875, \$77,269.40 | |
| Less remissions, Collector's Commission | |
| and non-resident returns for 1873 & 1874, 6,268.52= - | 71,000.88 |
| Non-Resident Taxes | 25,357.65 |
| Advertized Tax Rolls to 1866 | 5,074.89 |
| Harbor Dues uncollected in 1875 | 178.36 |
| Mortgage on Gas Works | 8,200.00 |
| Stock in Gas Works Company | 25,200.00 |
| Debenture County of Hastings & interest accrued | 372.00 |
| Rents Receivable | 1,156.25 |
| Simpson Judgment | 187.78 |
| Fire Engines and hose | 15,000.00 |

Real Estate

| | |
|--|-----------|
| Old Market-Lot | 1,000.00 |
| Market Lot and Building on Pinnacle Street | 7,400.00 |
| Market Lot and Building on Front Street | 39,000.00 |
| Lot and Storehouse Leased to Downey | 5,000.00 |
| Water Lot Leased to Sills | 800.00 |
| Island | 6,000.00 |
| Waterlots Leased to Jones & Vandergen | 3,000.00 |
| Marsh | 500.00 |
| Marsh Leased to Flint | 1,000.00 |

| | |
|-------------------------------------|-------------|
| Old Police Station and Engine House | \$ 6,000.00 |
| Hospital Lot (New) | 500.00 |
| Hospital Lot (Old) | 6,000.00 |
| Lot Leased to Simpson | 175.00 |
| School Sites and Buildings | 50,000.00 |

78. Liabilities.

Debentures 27 & 28, Due in 1866

Debentures held by Trust & Loan Company

| | |
|--|------------|
| Due 26 May 1862 | 14,000.00 |
| Do. Account Bridge & Harbor, Due 7 Decr 1888 | 12,000.00 |
| Do. " Market Lot and Building Due 31 st July 1891 | 30,000.00 |
| Do. " Bonus to Grand Junction Railway, Due Novr 1890. | 100,000.00 |
| Do. " High School & Sinking Fund, Due 8 th Octr 1887 | 18,000.00 |
| Do. " Foot Bridge, Due 6 Octr 1883 | 2,000.00 |
| Do. " Steam Fire Engine & Ferry Ship Due 25 February 1894 | 20,000.00 |
| Do. " Bonus to Grand Trunk R. Co. for Workshops. \$50,000, One half delivered, residue held until Conditions are fulfilled Due 1 st July 1894 | 25,000.00 |
| Do. " Over drawn account at Merchants' Bank for \$30,000 of which \$13,000, not delivered, Due 21 st Decr. 1894. | 17,000.00 |

| | |
|--|-----------|
| Sundry accounts of 1875 unpaid | 8,978.26 |
| Amt. due Co. of Hastings for 1875 | 4,456.80 |
| 172 1/2 Interest on do. Bond | 342.00 |
| Amt. due Co. of Hastings for 1875 | 4,456.80 |
| Over drawn acc at Merchants' Bank | 56,581.34 |
| Mortgage on New Market Lot | 300.00 |

79. The evidence is contained in the depositions of the Witnesses and in the Exhibits mentioned in such evidence.

We transmit herewith the depositions of the witnesses and copies of the Exhibits are given in the appendix accompanying this Report.

80. We desire to record our approbation of the present Treasurer, and acknowledgment of the kind assistance rendered by him and by the Auditors of 1875 to us on all occasions in prosecuting our enquiries.

The admirable Report made by these Auditors for 1874, and part of 1875, has not, we regret to say, been published, and its contents are known only to a small portion of those with whose interests it deals.

All of which is

Respectfully

Submitted

23 April, 1877

A.R. Morden

James McKibbin

Commissioners

Appendix

Exhibit A.

Geo. E. Henderson

to be accounted for, Gov: Genl: \$80.00
 1 Septr. 74

Exhibit B.

Toronto, Septr 3, 1874

Messrs Henderson & Davy

To Queen's Hotel

| | |
|----------|-------------|
| To Board | \$12.00 |
| Bar | 6.90 |
| Cash | 35.00 |
| Wine | 10.00 |
| | <u>0.25</u> |
| | \$64.15 |

Received payment

(Signed) Chas. P. Clemes

Exhibit C.

Belleville, 7th July 1874

R.P. Davy, Esq.

Treasurer Corporation of Belleville.

Dear Sir,

Send me Fifty dollars to cover
 expenses self & Solicitor to Toronto in re
 ex. of limits & Div of Wards, any surplus
 will be returned.

(Signed) G.E. Henderson,

Mayor

(Endorsed in Mr. Davy's hand writing)

1874 July 7. Cash per Son \$527.

Exhibit D.

1874 Oct. 10 Lent W.A.F. Cheque for
\$100.00

Exhibit E.

Belleville, 2 June 1875

E.W. Davy, Esq.

Dear Sir,

Mr. Thomas Holden's
Letter of 28th Inst. addressed to you demanding
on behalf of the Administratrix of the Estate
of the late R.P. Davy that certain papers and
documents therein referred to should be delivered
over as the property of the late R.P. Davy,
namely,

An I.O.U. dated 23 March 1874 for
\$12.00, signed by G.E. Henderson.

Note dated 17 March at 3 mos. for
\$197. Signed by G.E. Henderson.
Letters dated 6 & 12 March 1874, by G.E.
Henderson.

Note dated 21st Decr. 1874 for \$306.50
made by W.A. Foster & Co.

Memo dated 10 Septr. of \$50 to Capt. McIntosh

Memo dated 6 Oct of \$200 to

W. Sutherland.

Papers relating to expenditures for Band

As the papers referred to on the face
of them could not properly have any
connection with the Corporation's transactions
and having been found in the late Treasurer's
private drawers, I can see no good reason
for your detaining them, and would therefore
advise you to comply with the demands
herein made.

You will make a memo: of and take a receipt for all papers so delivered over and deposit the same with the papers and vouchers of the Office.

I am Sir

Your Obt. Servt

(Signed) L.H. Henderson

Treasurer, Belleville

(Endorsed) June 3 1875

Recd. from E.W. Davy the papers mentioned in within letter.

(Signed) Thomas Holden

Exhibit F.

Belleville, May 28, 1875

E.W. Davy, Esq

Treasurer of Town of Belleville

Dear Sir,

On behalf of the Administratrix of the Estate of the late R.P. Davy, I demand from you the following papers and documents in your custody the same being the property of the said Administratrix.

I.O.U. dated 23 March 1874, \$12.00

Signed by G.E. Henderson

Note dated 17 March at 3 mos: for \$197.00

Signed by G.E. Henderson

Letters dated 6 & 12 March 74 by G.E. Henderson

Note dated 21 Decr 1874 for \$306.50 made by

W.A. Foster & Co.

Mem: dated 10 Septr. of \$50 to Capt. McIntosh

Mem: dated 6 Octr. of \$200 to W. Sutherland

Papers relating to expenditure for Band

and all other papers, accounts, memoranda

and documents, the property of the late

R.P. Davy. Yours truly, (Signed) Thomas Holden

Exhibit G.

I hereby authorize Mr. Thomas Holden as
my Attorney to receive from the Town of Belleville
all property of the late Robert Perry Davy
and to receive all moneys due him for
Salary and passed to his credit by the
Council.

May 31, 1875

(Signed) Hellen Theresa Davy

Exhibit H.

To the Manager of the
Merchants' Bank of

Canada, Belleville, 14 Decr 1874

Pay to W.A. Foster, Esq, or order Two
Hundred and fifty dollars on a/c of Streets.
\$250.

(Signed) R.P. Davy

Treasurer, Belleville

Exhibit I.

Mar. 22 Paid Weller for Sutherland \$169.31 which
amt. was paid before to W.A. Foster per his order
from Weller. (Signed) E.W. Davy

Amt. paid Foster was \$250, which included
the amount of the garnishee.

Exhibit J.

Insurance, R.P. Davy.

| | |
|---|-------------|
| Ins: in Citizens, 7 days, on \$2500, ret'd: | \$ 0.70 |
| Ins: in Hand & Hand, \$2500, 7 mos. | 30.00 |
| Transfer of Policy to Fuller on Circus' Plant | <u>0.50</u> |
| Paid | \$31.20 |

Exhibit K.

Geo. E. Henderson on a/c of expenses to

Toronto, \$40.
28 July 1874.

Exhibit L.

G.E. Henderson \$40.
Pay Expenses to Toronto to sell Debentures.
Decr. 1st

Exhibit M.

Mem,

County was not paid for 1873, \$4446.80
till I paid it 19th Octr 1874 and I did not
bring in Estimate for Interest on this sum.

(Endorsed)

Printing. M. Bowell \$176.08
for voters Lists 19 Oct. 1874
\$850 for opening Denmark Streets 19 Oct
1874.

Exhibit N.

To the Mayor and Town Council of the Town
of Belleville.

Will please take Notice, I now withdraw
from the security of Mr. R.P. Davy, Treasurer for
the Corporation, I been one of his sureties.

(Signed) James Kennedy

Dated Oct. 19, 1874.

Exhibit O.

Belleville, 26 Oct. 1874

Dear Robt.

I have to go to Kingston tonight
and I want to raise \$100. B'k of Montreal will
discount me a Note. Please put your name
on as last endorser & Oblige

R.P. Davy, Esq. (Signed) G.E. Henderson

Exhibit P.

(One of the vouchers for 1876, and of no importance)

Exhibit Q.

Sept 2, 1874

Lumber delivered to Corporation of Belleville
43212 feet.

Exhibit R.

The Town of Belleville

To J.G. Barnes

45102 ft. 2 inch Plank @ \$11. \$496.12

Certified Correct (Signed) W.A. Foster

(Signed) Richard Taylor Chair^m St. Com.

St. Surveyor

Exhibit S.T.U.V.

(Torn pieces of the draft Report of the
Auditors of 1875, referred to in the evidence
of Messrs. Lynch & Bentley.)

Exhibit X.

Belleville, July 31, 1875.

To whom it may concern,

Certain rumors having been circu-
-lated around Town to the effect that we
were indebted to certain Members of the Town
Council for the facts and ideas contained in
our Report, thereby placing those Gentlemen
in a false position before the Public. We
hereby declare that every idea contained in said
Report are solely our own and consequently
assume the full responsibility of them.

The shortness of the time at our disposal

to make the Report (the Finance Committee being at the time in session) prevented our giving a more comprehensive Report and stating particulars instead of giving it as we did in General and perhaps ambiguous language and we now hope and expect the Finance Committee will be pleased to return it to us that we may amend it.

(Signed) T.B. Bently

(Signed) P.P. Lynch

Auditors

Exhibits produced by Mr. Holden as part of the papers received from the late Treasurer's Office for his Administratrix.

Geo. E. Henderson \$28.
to be accounted for.

24 Aug./74

T. Corbett \$103.

W.A. Foster
 loaned to Sutherland \$200.
6 Oct. 1874

10 Sepr 1874 Capt McIntosh \$50.

Belleville, December 1874

Three months after date we promise to pay R.P. Davy, on order, at the Royal Canadian Bank here three Hundred and six 50/100 dollars value received.

(Signed) W.A. Foster & Co.

endorsed, (Signed) R.P. Davy.

See also depositions of Thomas Holden

as to a great number and variety of papers received by him and produced on his examination.

(Back cover)

Re Commission

Town of Belleville

Report

of Commissioners

